

FINAL

MONTHLY OPERATING REPORT

CHAPTER 11

CASE NAME: WAREHOUSE 86, LLC

CASE NUMBER: 08-03423-EE For Period DECEMBER 1 to DECEMBER 3, 20 10.

THIS REPORT IS DUE 15 DAYS AFTER THE END OF THE MONTH. The debtor must attach each of the following forms unless the United States Trustee has waived the requirement in writing. File with the court and submit a paper copy to UST with an original signature.

Form Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
(mark only one - attached or waived)		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Comparative Balance Sheet (FORM 2-B)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Profit and Loss Statement (FORM 2-C)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cash Receipts & Disbursements Statement (FORM 2-D)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Supporting Schedules (FORM 2-E)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Narrative (FORM 2-F)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Copies of Bank Statement(s) and Reconciliations of Bank Balance to Book Balance for all Account(s)

I declare under penalty of perjury that the following Monthly Operating Report and any attachments thereto, are true and correct to the best of my knowledge and belief.

Executed on: 02/02/11
(date)

Debtor(s)*: WAREHOUSE 86, LLC

By:**

Position: CHAPTER 11 TRUSTEE

Name of preparer: KIMBERLY R. LENTZ

Telephone No. of Preparer 228-867-6050

* both debtors must sign if a joint petition

** for corporate or partnership debtor

CASE NAME: WAREHOUSE 86. LLCCASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

Filing

Date	Month	Month	Month	Month	Month	Month
11/04/08	JULY 10	AUGUST 10	SEPTEMBER 10	OCTOBER 10	NOVEMBER 10	DECEMBER 3, 2010
89,361	34,860	34,862	34863	32,807	32806	22,807
152,270	611	611	611	0.00	0.00	0.00
73,633	0	0	0	0	0	0
68,702	61,297	61,297	61,297	61,297	32806	22,807
383,966	96,798	96,770	96,771	93,329	32806	22,807
2,178,073	0	0	0	0	0	0
-1,124,978	0	0	0	0	0	0
1,053,096	0	0	0	0	0	0
6,573	0	0	0	0	0	0
6,573	0	0	0	0	0	0
1,443,634	96,768	96,770	96,771	93,329	32806	22,807

ASSETS:

CURRENT ASSETS:

Cash.....

Accounts Receivable, Net.....

Inventory, at lower of cost or market.....

Prepaid expenses & deposits.....

Other

TOTAL CURRENT ASSETS.....

PROPERTY, PLANT & EQUIPMENT.....

Less accumulated depreciation.....

NET PROPERTY, PLANT & EQUIPMENT.....

OTHER ASSETS

INTEREST IN INC. BUSINESS

INSURANCE CLAIM FOR TORNADO & FIRE

REGISTERED NAME, CUSTOMERS LISTS

(UNKNOWN)

TOTAL OTHER ASSETS.....

TOTAL ASSETS.....

If assets are carried at historical cost on debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include remarks on FORM 2-F (Narrative). All subsequent reports must then carry these assets at that value. Do not use historical cost one month and fair market value the next.

*This is a corrected number to reflect that the pre-petition retainer of \$35,000 should have properly been shown as a pre-petition legal expense since there was no balance as of the date of the filing of the bankruptcy petition.

**This number does not include \$1,117,225.84, the estimated reduction due to the tornado/fire.

CASE NAME: WAREHOUSE 86, LLCCASE NUMBER: 08-03423 EE

COMPARATIVE BALANCE SHEET

Filing
Date

	11/04/08	JULY 10	AUGUST 10	SEPTEMBER 10	OCTOBER 10	NOVEMBER 10	DECEMBER 3, 2010
LIABILITIES:							
POST-PETITION LIABILITIES:							
Taxes payable (Form 2-E, pg. 1 of 3).....*							
Accounts payable (Form 2-E, pg. 1 of 3).....							
Other: _____							
TOTAL POST-PETITION LIABILITIES:***							
PRE-PETITION LIABILITIES:***							
Notes payable - secured.....	1,264,902	3,732	3,732	3,732	3,732	3,732	3,732
Priority debt.....	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Unsecured debt.....**	2,562,082	2,516,413	2,516,413	2,516,413	2,516,413	2,516,413	2,516,413
Other PRIORITY UNSECURED.....	19,000	19,000	19,000	19,000	19,000	19,000	19,000
TOTAL LIABILITIES:	3,854,984	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145	2,548,145
EQUITY (DEFICIT)							
PREFERRED STOCK.....							
COMMON STOCK.....							
RETAINED EARNINGS:							
Through filing date.....****	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)
Post filing date.....		(39,378)	(40,027)	(40,026)	(40,024)	(40,024)	(40,024)
TOTAL EQUITY (NET WORTH):	(2,411,350)	(2,450,728)	(2,451,377)	(2,451,376)	(2,451,374)	(2,451,374)	(2,451,374)
TOTAL LIABILITIES & EQUITY:	1,443,634	97,417	96,768	96,769	96,771	96,771	96,771

* Reflects disputed insurance charge - Reconciled June 2009

** Reflects payment of utility charges and insurance premiums pursuant to court order

***Reflects updated November pre and post petition liability balances due to final reconciliation.

Post-Petition payables applied to pre-petition in April 2009

****This reflects a change to move a \$35,000 pre-petition retainer that should have been a pre-petition legal expense.

CASE NAME: WAREHOUSE 86, LLCCASE NUMBER: 08-03423-EE

PROFIT AND LOSS STATEMENT

	Month JULY 10	Month AUGUST 10	Month SEPTEMBER 10	Month OCTOBER 10	Month NOVEMBER 10	Month DECEMBER 3, 2010
NET REVENUE.....						
COST OF GOODS SOLD:						
Material.....						
Labor - Direct.....						
Manufacturing Overhead.....						
TOTAL COST OF GOODS SOLD:.....						
GROSS PROFIT:.....						
OPERATING EXPENSES:						
Selling and Marketing.....						
General and Administrative (rents, utilities, salaries, etc.).....	650	0	0	0	24	0
Other.....						
TOTAL OPERATING EXPENSES.....	650	0	0	0	24	0
INTEREST EXPENSE.....	(1)	(1)	(1)	(1)	(1)	0
INCOME BEFORE DEPRECIATION OR TAXES:.....	(649)	1	1	1	(23)	0
DEPRECIATION OR AMORTIZATION.....						
EXTRAORDINARY EXPENSES *.....						
INCOME TAX EXPENSE (BENEFIT).....						
NET INCOME (LOSS).....	(649)	1	1	1	(23)	0

*Requires explanation in NARRATIVE (Form 2-F)

CASE NAME: WAREHOUSE 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**For Period DECEMBER 1 to DECEMBER 3, 20 10**CASH RECONCILIATION**

1. Beginning Cash Balance (Ending Cash Balance from last month's report) \$ 22,807
2. Cash Receipts (total Cash Receipts from page 2 of all FORM 2-D's) \$ 0
3. Cash Disbursements (total Cash Disbursements from page 3 of all FORM 2-D's) \$(0)
4. Net Cash Flow \$ 22807
5. Ending Cash Balance (to FORM 2-B) \$ 22,807

CASH SUMMARY - ENDING BALANCE

	<u>Amount*</u>	<u>Financial Institution</u>
1. Real Estate Account	\$ _____	_____
2. Trust Account	\$ _____	_____
3. Operating and/or Personal Account	\$ <u>22,807</u>	BANK OF AMERICA
4. Payroll Account	\$ _____	_____
5. Tax Account	\$ _____	_____
6. Other Accounts (Specify checking or savings)	\$ _____	_____
7. Cash Collateral Account	\$ _____	_____
8. Petty Cash	\$ _____	_____
 TOTAL (must agree with line 5 above)	 \$ <u> </u>	

*These amounts should be equal to the previous month's balance for the account plus this month's receipts less this month's disbursements.

ADJUSTED CASH DISBURSEMENTS

Cash disbursements on Line 3 above less *
inter-account transfers & UST fees paid \$ 10,000

* NOTE: This amount should be used to determine UST quarterly fees due and agree with Form 2-D, page 2 of 4.

CASE NAME: WAREHOUSE 86, LLCCASE NUMBER: 08-03423-EE**QUARTERLY FEE SUMMARY**MONTH ENDED DECEMBER 3, 2010

Payment Date	Cash Disbursements *	Quarterly Fee Due	Check No.	Date
January	\$ <u>36,540.00</u>			
February	\$ <u>40.00</u>			
March	\$ <u>27.00</u>			
Total				
1st Quarter	\$ <u>36,607.00</u>	\$ <u>650.00</u>	<u>20103</u>	<u>04/22/10</u>
April	\$ <u>107.00</u>			
May	\$ <u>1.00</u>			
June	\$ <u>35,584.00</u>			
Total			<u>600001</u>	<u>07/16/10</u>
2nd Quarter	\$ <u>35,692.00</u>	\$ <u>650.00</u>	<u>600002</u>	<u>07/17/10</u>
July	\$ <u>0.00</u>			
August	\$ <u>0.00</u>			
September	\$ <u>0.00</u>			
Total				
3rd Quarter	\$ <u>0.00</u>	\$ <u>325.00</u>	<u>600004</u>	<u>10/14/10</u>
October	\$ <u>1,732.00</u>			
November	\$ <u>10,000</u>			
December	\$ <u>0.00</u>			
Total				
4th Quarter	\$ <u>11,732.00</u>	\$ <u>325.00</u>		

DISBURSEMENT CATEGORY QUARTERLY FEE DUE

\$0 to \$14,999.99	\$325
\$15,000 to \$74,999.99	\$650
\$75,000 to \$149,999.99	\$975
\$150,000 to \$224,999.99	\$1,625
\$225,000 to \$299,999.99	\$1,950
\$300,000 to \$999,999.99	\$4,875
\$1,000,000 to \$1,999,999.99	\$6,500
\$2,000,000 to \$2,999,999.99	\$9,750
\$3,000,000 to \$4,999,999.99	\$10,400
\$5,000,000 to \$14,999,999.99	\$13,000
\$15,000,000 to \$29,999,999.99	\$20,000
\$30,000,000 or more	\$30,000

Note that a minimum payment of \$325 is due each quarter even if no disbursements are made in the case during the period.

* Note: should agree with "adjusted cash disbursements" at bottom of Form 2-D, Page 1 of 4. Disbursements are net of transfers to other debtor in possession bank accounts and net of payments of prior period quarterly fees.

CASE NAME: WAREHOUSE 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period DECEMBER 1 to DECEMBER 3, 20¹⁰Account Name: DIP - MM Account Number: 3755555454**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
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NO ACTIVITY

Total Cash Receipts \$

CASE NAME: WAREHOUSE 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period DECEMBER 1 to DECEMBER 3, 20 10Account Name: DIP - MM Account Number: 3755555454**CASH DISBURSEMENTS JOURNAL**
(attach additional sheets as necessary)

Date	Check No.	Payee	Description (Purpose)*	Amount
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NO ACTIVITY

Total Cash Disbursements \$ _____

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: WAREHOUSE 86, LLC CASE NUMBER: 08-03423-EE

SUPPORTING SCHEDULES

For Period DECEMBER 1 to DECEMBER 3, 2010

INSURANCE SCHEDULE

<u>Type</u>	<u>Carrier/Agent</u>	<u>Coverage (\$)</u>	<u>Date of Expiration</u>	<u>Premium Paid</u>
Workers' Compensation	N/A			
General Liability	N/A			
Property (Fire, Theft)	N/A			
Vehicle	N/A			
Other (list):				

(1) Attach copy of certificate of insurance or declaration page of policy for any coverage renewed or replaced during the current reporting month.

(2) For the premium paid column enter "yes" if payment of premium is current or "no" if premium payment is delinquent. If "no", explain on Form 2-F, Narrative.

CASE NAME: WAREHOUSE 86, LLC CASE NUMBER: 08-03423-EE

NARRATIVE STATEMENT

For Period DECEMBER 1 to DECEMBER 3, 2010

Please provide a brief description of the significant business and legal action by the debtor, its creditors or the court during the reporting period. Comments should include any change in bank accounts, explanation of extraordinary expenses, and purpose of any new post-petition financing. Comments should also include debtor's efforts during the month to rehabilitate the business and to develop a plan.

NO ACTIVITY

**Bank of America**

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406



Account Number 3755555454
01 01 149 01 M0000 E# 0
Last Statement: 11/30/2010
This Statement: 12/31/2010

CLOSED



NX 0000 01 000 196 003065 #001 AT 0.357
WAREHOUSE 86 LLC
DEBTOR IN POSSESSION #08-03423
MMS ACCOUNT
PO BOX 16692
JACKSON MS 39236

Customer Service
1-800-342-7722

Page 1 of 2

Bankruptcy Case Number: 0803423

MONEY MARKET SAVINGS**Account Summary Information**

Statement Period 12/01/2010 - 12/31/2010	Statement Beginning Balance	24.00-
Number of Deposits/Credits 1	Amount of Deposits/Credits	24.00
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 0	Amount of Other Debits	.00
	Statement Ending Balance	.00
Number of Enclosures 0		
	Service Charge	.00

Interest Information

Amount of Interest Paid .00	Interest Paid Year-to-Date	22.51
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Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
12/29		24.00	1-928724582	0246000158

Daily Balances

Date	Ledger Balance	Collected Balance	Rate	Date	Ledger Balance	Collected Balance	Rate
11/30	24.00-	24.00-	.050	12/31	.00	.00	.050
12/29	.00	.00	.050				

H

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number 3755555454
01 01 149 01 M0000 E# 0
Last Statement: 11/30/2010
This Statement: 12/31/2010

CLOSED

Customer Service
1-800-342-7722

WAREHOUSE 86 LLC

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Bankruptcy Case Number:0803423

IMPORTANT INFORMATION

CHANGE OF ADDRESS. Please call us at the customer service telephone number listed on the front of this statement to tell us about a change of address.

TERMS AND CONDITIONS. All deposits to, withdrawals from, or other transactions pertaining to your account(s) are subject to the terms and conditions of the agreement you received when you opened your account and any amendments thereto. Amendments to the agreement may be made from time to time in the manner stated therein.

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS. If you think your statement or receipt is wrong or if you need more information about an electronic transfer (e.g., ATM transactions, direct deposits or withdrawals, point-of-sale transactions) on the statement or receipt, telephone or write us at the address or number listed on the front of this statement as soon you can. We must hear from you no later than 60 days after we sent you the FIRST statement on which the error or problem appeared.

- * Tell us your name and account number
- * Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe there is an error or why you need more information
- * Tell us the dollar amount of the suspected error.

For consumer accounts used primarily for personal, family or household purposes, we will investigate your complaint and will correct any error promptly. If we take more than 10 business days (20 business days if you are a new customer, for electronic transfers occurring during the first 30 days after the first deposit is made to your account), to do this, we will re-credit your account for the amount you think is in error so that you will have use of the money during the time it takes us to complete our investigation.

For other accounts, we investigate, and if we find we have made an error, we will make the appropriate adjustment to your account at the conclusion of our investigation.

DIRECT DEPOSITS.

If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you may call us at the telephone number listed on the front of this statement to find out if the deposit was made as scheduled.

REPORTING OTHER PROBLEMS.

You must examine your statement carefully and promptly. You are in the best position to discover errors and unauthorized transactions on your account. If you fail to notify us in writing of suspected problems or unauthorized transactions within the time periods specified in the deposit agreement (which periods are no more than 60 days after we make the statement available to you and in some cases are 30 days or less), we are not liable to you for, and you agree not to make a claim against us for the problems or unauthorized transactions.

Bank of America

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number 4437551607
01 01 148 06 M0000 E# 0
Last Statement: 11/30/2010
This Statement: 12/31/2010

Customer Service

1-800-342-7722

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Bankruptcy Case Number:0803423

ESTATE OF
WAREHOUSE 86, LLC, DEBTOR
KIMBERLY LENTZ - TRUSTEE
08-03423
2012 23RD AVENUE
GULFPORT MS 39502

SPECIAL MARKETS MMS INVESTMENT ACCOUNT**Account Summary Information**

Statement Period 12/01/2010 - 12/31/2010	Statement Beginning Balance	22,807.26
Number of Deposits/Credits 2	Amount of Deposits/Credits	711,280.90
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 1	Amount of Other Debits	105,562.08
	Statement Ending Balance	628,526.08
Number of Enclosures 0		
	Service Charge	.00

Interest Information

Amount of Interest Paid 12.27	Interest Paid Year-to-Date	12.68
Annual Percentage Yield Earned .07%		

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
12/21	1	711,268.63	AZ QUICK BUSINESS DEPOSIT	641803250353378
12/31		12.27	INTEREST PAID ON 31 DAYS AVERAGE COLLECTED BALANCE OF \$215,683.69	09840019529

Withdrawals and Debits**Other Debits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
12/28		105,562.08	04437551607->04437551623	09925000112

Daily Balances

Date	Ledger Balance	Collected Balance	Rate	Date	Ledger Balance	Collected Balance	Rate
11/30	22,807.26	22,807.26	.030	12/28	628,513.81	628,513.81	.070
12/21	734,075.89	22,807.26	.030	12/31	628,526.08	628,526.08	.070
12/23	734,075.89	734,075.89	.070				

Bank of America

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number 4437551623
01 01 148 06 M0000 E# 1
Last Statement: 11/30/2010
This Statement: 12/31/2010

ESTATE OF
WAREHOUSE 86, LLC, DEBTOR
KIMBERLY LENTZ - TRUSTEE
08-03423
2012 23RD AVENUE
GULFPORT MS 39502

Customer Service
1-800-342-7722

Page 1 of 2

Bankruptcy Case Number: 0803423

SPECIAL MARKETS CHECKING ACCOUNT**Account Summary Information**

Statement Period 12/01/2010 - 12/31/2010	Statement Beginning Balance	.00
Number of Deposits/Credits 1	Amount of Deposits/Credits	105,562.08
Number of Checks 1	Amount of Checks	105,562.08
Number of Other Debits 0	Amount of Other Debits	.00
	Statement Ending Balance	.00
Number of Enclosures 1	Service Charge	.00

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
12/28		105,562.08	04437551607->04437551623	0992500011

Withdrawals and Debits**Checks**

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
1002	105,562.08	12/29	7092816052				

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
11/30	.00	.00	12/29	.00	.00
12/28	105,562.08	105,562.08	12/31	.00	.00

0102/62/21 12610000291
5246680000

1111019993
12/30/2010
7092816052

This is a LEGAL COPY of your
check. You can use it the same
way you would use the original
check

78401504
11
37
00001-00075

KIMBERLY R. LENTZ 2012 23RD AVENUE GULFPORT, MISSISSIPPI 39501		BANK OF AMERICA, N.A. 25.1.1110 TX 0		CHECK NUMBER 1002
Attorney's Fees and Expenses		DATE 12/28/2010	AMOUNT *****105,562.08	
2426414		CASE NUMBER 08-03423		
PAY TO THE ORDER OF		ESTATE OF Debtor: WAREHOUSE LLC 86		
Rosenblatt, Stephen W. Bulter, Snow, G'Mara, Stevens, & Cannada, PLLC 210 East Capitol Street 17th Floor Jackson, MS 39201		One Hundred Five Thousand Five Hundred Sixty Two Dollars And 08/100		
		RECEIVED BY THE DEBTOR IN POSSESSION ASSIGNEE THIS CHECK VOID AFTER 90 DAYS		
		#0010555208		

110010021110000121

11443755153311010555208

